

Message Text

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ACTION ARA-14

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E.O. 11652: N/A
TAGS: BEXP, AR
SUBJECT: CCP REPORT FOR ARGENTINA: THIRD QUARTER FY-1977

REF: BUENOS AIRES BA-3200

1. THE INDUSTRIAL SECTOR REMAINS IN RECESSION, THROUGH,
OVERALL, THE ECONOMY HAS RESUMED POSITIVE GROWTH RATES.
DURING THE SECOND QUARTER GROWTH IS ESTIMATED AT
4.6 PERCENT, UP SIGNIFICANTLY OVER THE PREVIOUS QUARTER'S
1.2 PERCENT. WITH THE CURRENT BOOM IN EXPORTS,
THE CENTRAL BANK REMAINS AWASH IN FOREIGN
EXCHANGE. GROSS RESERVE WERE AT AN ALL TIME HIGH
ON JUNE 30, US\$2.7 BILLION. THE EMBASSY CONTINUES
TO WITNESS AN INCREASED FLOW OF US EXPORTERS AND
BANKERS LOOKING FOR BUSINESS IN BUENOS AIRES.
AN INCREASING NUMBER OF FIRMS INTERESTED IN
INVESTING IN ARGENTINA ARE VISITING US AS WELL.
THE NUMBER OF BOTH PUBLIC AND PRIVATE SECTOR
INVESTMENT PROJECTS IN THE INITIATION AND EXE-
CUTION STAGES HAVE INCREASED FAIRLY DRAMATICALLY
OVER THE PAST QUARTER AS DEMONSTRATED BY THE
INCREASED NUMBER OF EARLY WARNINGS AND TRADE
OPPORTUNITIES GENERATED BY THE EMBASSY (THIRTY
THREE TRADE OPS AND TWO EARLY WARNINGS.) WE HAVE
NOT YET FOUND TIME TO FINALIZE THE FIVE MARKET
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RESEARCH PROJECTS UNDERTAKEN, BUT ARE REASONABLY
CERTAIN THAT ALL BUT ONE (STEEL) WILL BE READY BY
END OF CCP YEAR.

2. POWER CAMPAIGN
THE POWER SECTOR ACCOUNTED FOR A HIGH PERCENTAGE OF
THE TRADE OPS REPORTED (23 OUT OF 33), PRIMARILY

BECAUSE OF THE ACTIVATION OF THE WORLD BANK LOAN TO SEGBA FOR POWER DISTRIBUTION. CONTACTS WERE MADE WITH FOLLOWING US FIRMS IN MARKET: WESTINGHOUSE, C.T. MAIN ENGINEERING, TRW CONTROLS, GE, LAPP AND HARZA ENGINEERING. A REPORT ON THE YACIRETA-APIPE POWER PROJECT WAS SUBMITTED. ONE DECISION MAKER IN A&EE WAS CONTACTED. ACTIONS 3, 6, 7 & 8 REMAIN TO BE ACCOMPLISHED IN FINAL QUARTER.

3. OILFIELD EQUIPMENT CAMPAIGN:

MARKET RESEARCH STUDY ON THIS SECTOR LACKING ONLY TWO ADDITIONAL INTERVIEWS FOR COMPLETION OF RE-SEARCH. ANTICIPATE FIRST DRAFT BY AUGUST 8. FOUR DECISION MAKERS FROM GOA ENERGY AGENCIES CALLED ON: AT THE SECRETARIAT OF STATE FOR ENERGY; TWO OF THE SECRETARY'S ADVISORS, AND THE DIRECTOR OF HYDROCARBONS, AND AT GAS DEL ESTADO; THE CHIEF OF ENGINEERING. A CONTACT MADE AT EACH OF THREE LOCAL PETROLEUM FIRMS: BRIDAS, ASTRA AND TIPSA AND AT TWO US FIRMS, ARMCO AND BROWN AND ROOT. TWO DRILLING SITES WERE VISITED IN TIERRA DEL FUEGO IN MAY. WE KNOW OF 34 PEOPLE FROM THE STATE OIL COMPANY, YPF, THE SECRETARIAT OF ENERGY AND PRIVATE ARGENTINE COMPANIED WHO ATTENDED THE OFFSHORE TECHNOLOGY CONFERENCEIN HOUSTON IN EARLY JULY, DUE IN PART TO EMBASSY EFFORTS TO PROMOTE SHOW. USIS UNCLASSIFIED

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IS IN THE PROCESS OF ATTEMPTING TO ARRANGE THE VISIT TO ARGENTINA OF EXPERTS IN THE GAS AND PETROLEUM SECTOR TO LECTURE UNDER THE AUSPICES OF THE AMERICAN SPECIALISTS PROGRAM.

4. PETROCHEMICAL CAMPAIGN:

BAHIA BLANCA, PASA, IPAKO AND INDUPA. DEVELOPMENTS AT THE BAHIA BLANCA COMPLEX HAVE BEEN CLOSELY MONITORED AND A STATUS REPORT ON THIS PROJECT IS IN DRAFT. CM VISITED THREE PLANT SITES: FABRICACIONES MILITARES, YPF AND IPAKO DO DETECT TRADE OPPORTUNITIES AND LEARN ABOUT EXPANSION PLANS. THREE TRADE OPPORTUNITIES AND LEARN ABOUT EXPANSION PLANS. THREE TRADE OPPORTUNITIES, ACCOUNTING TO US\$ 45 MILLION WERE REPORTED. A GUEST LIST FOR A FORTHCOMING REPRESENTATION FUNCTION HAS BEEN DEVELOPED.

5. STEELMAKING EQUIPMENT CAMPAIGN:

THREE CALLS MADE, ONE OF WHICH RESULTED IN EARLY WARNING WORTH 130 MILLION. THE CALLS WERE ON LUCINI & CIA. SOMISA (PURCHASING MANAGER), BANCO NACIONAL DE DESARROLLO (IN CONNECTION WITH SOMISA

PROJECT), AND BRIEFING BY SOMISA ON FUTURE PLANS WAS
ATTENDED. A PLANT VISIT MADE TO SANTA ROSA. MARKET
SURVEY ON THIS SECTOR IN PRELIMINARY STAGES STILL.
AWAITING COMPLETION OF MARKET SURVEY ON CONSTRUCTION
AND MINING EQUIPMENT BEING DONE BY SAME CAMPAIGN
MANAGER. (TRANSFER OF THIS CAMPAIGN MANAGER IN MID
AUGUST, TWO MONTHS BEFORE COMPLETION OF TOUR WITH
PROSPECT OF LONG GAP BEFORE REPLACEMENT MAKES IT
VERY UNLIKELY THIS PIECE OF MARKET RESEARCH WILL
BE COMPLETED THIS FY). HAVE ACQUIRED ARTICLE ON
STEELMAKING TECHNOLOGY WITH ASSISTANCE OF USIS
AND ATTEMPTING TO PLACE IT IN LOCAL SPECIALIZED
MEDIA. ACTIONS 2, 4 AND 6 REMAIN TO BE ACCOMPLISHED
IN FINAL QUARTER.
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6. CONSTRUCTION AND MINING EQUIPMENT CAMPAIGN:
REPRESENTATION EVENT INCLUDING SECRETARY OF PUBLIC
WORKS, HEAD OF GOA ROAD BUILDING AGENCY, VIALIDAD,
AND INDUSTRY REPS HOSTED BY CHARGE. CALLS ON IN-
DUSTY REPS AND DECISION MAKERS HAVE INCLUDED FIAT-
ALLIES, CATERPILLAR, JOHN DEERE, TECNOMACK (CLARK),
AUSTIN CONSTRUCTION, VIALIDAD, FABRICACIONES
MILITARES (MINING DEPT.), MINERA AGUILAR, HIPASAM,
NATIONAL ATOMIC ENERGY COMMISSION (MINING DEPT).
THREE TRADE OPPORTUNITIES AND TWO EARLY WARNINGS
RESULTED. SITE VISIT CARRIED OUT TO RIO TURBIO
COAL MINE. MARKET RESEARCH STUDY ABOUT TO ENTER
DRAFTING STAGE. ANTICIPATE FIRST DRAFT BY AUGUST
1ST.

7. MISCELLANEOUS:
PULP & PAPER MARKET RESEARCH STUDY ABOUT HALF WAY
THROUGH RESEARCH PHASE. ANTICIPATE COMPLETION FIRST
DRAFT AUGUST 30.
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